

FUND 400 SEWER REVENUE

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ◆ The Board of Supervisors made no changes to the FY 2003 Advertised Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ Transfers Out are increased by \$10,029,437 primarily due to an increased transfer of \$2,046,437 to Fund 401, Sewer Operation and Maintenance for increased interjurisdictional payments for higher operating costs from neighboring treatment plants, and an increased transfer of \$7,983,000 to Fund 402, Sewer Construction Improvements to provide for the replacement of 5 pumping stations, the installation of 10,900 linear feet of sewer line and the addition of two new pumping stations for the Leehigh Village Conservation, and the rehabilitation of 27,000 linear feet of sewer lines per month for three County areas as part of the Cured in Place Piping (CIPP) contract.
- ◆ An increase of \$50 million in revenues reflects the anticipated receipt of loan proceeds from the Virginia Resource Authority (VRA) Loan Program to provide funding for the County's share of ASA treatment plant expansion costs.

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

All operating revenues of the Wastewater Management Program are credited to this fund. In addition, interest on investments from fund balances, except the interest earned from the balances of Fund 406, Sewer Bond Debt Reserve, and Fund 408, Sewer Bond Construction, is credited to this fund. Major categories of operating revenues include the following: Sales of Service, Availability Charges, and Sewer Service Charges. Sales of Service are those revenues received from other jurisdictions for the County's treatment of their wastewater. Availability Charges are fees charged to new customers for initial access to the system. Sewer Service Charges are revenues received from existing customers and are used to fully recover program operation and maintenance costs, debt service payments, and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by State and Federal agencies. The total receipts from all revenue sources are used to finance Operation and Maintenance (Fund 401), Debt Service (Fund 403, Sewer Bond Parity Debt Service and Fund 407, Sewer Bond Subordinate Debt Service), and Construction Projects (Fund 402, Sewer Construction Improvements and Fund 408, Sewer Bond Construction) associated with the Wastewater Management Program. Any balance remains in Fund 400, Sewer Revenue, for future year requirements and required reserves.

The Program's Availability Fee and Sewer Service Charge are based on staff analysis and consultant recommendations, and are included in the Forecasted Financial Statement for July 1, 2001 through June 30, 2006.

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Current Availability Fee rates:

In FY 2003, Availability Fees will increase from \$5,069 to \$5,247 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The following table displays the resulting increase by category.

Category	FY 2002 Availability Fee	FY 2003 Availability Fee
Single Family	\$5,069	\$5,247
Townhouses and Apartments	\$4,056	\$4,198
Hotels/Motels	\$1,267	\$1,312
Nonresidential	\$262/fixture unit	\$271/fixture unit

Current Sewer Service Charge:

The Sewer Service Charge rate will increase from \$2.88 to \$2.95 per 1,000 gallons of water consumption in FY 2003. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$5.32. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

Category	FY 2002 Sewer Service Charge	FY 2003 Sewer Service Charge
Per 1,000 gallons water consumed	\$2.88	\$2.95

The FY 2003 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The program will also utilize sewer fund balances to partially offset these higher costs. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 2001 through June 30, 2006.

Availability Fees and Sewer Service Charges from FY 1999 through FY 2006:

Fiscal Year	Availability Fee	Sewer Service Charge Per 1,000 gallons water used
1999	\$4,621	\$2.70
2000	\$4,621	\$2.70
2001	\$4,898	\$2.81
2002	\$5,069	\$2.88
2003	\$5,247	\$2.95
2004	\$5,431	\$3.03
2005	\$5,621	\$3.20
2006	\$5,874	\$3.28

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Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan since passage of the FY 2002 Adopted Budget Plan. Included are all adjustments made as part of the FY 2001 Carryover Review and all other approved changes through December 31, 2001.

- ◆ As part of the *FY 2001 Carryover Review*, Transfers Out were decreased by \$8,037,787 due to the following: a decrease of \$2,408,579 in Fund 401, Sewer Operation and Maintenance, as a result of lower than anticipated operating costs and lower than projected wastewater flow for Treatment by Contract; a decrease of \$123,046 in Fund 402, Sewer Construction Improvements primarily as a result of the unanticipated reimbursement of sewer line expenses from the Virginia Department of Transportation; a decrease of \$71,551 in Fund 403, Sewer Bond Parity Debt Service Fund based on lower than anticipated interest payments and fiscal agent fees; a decrease of \$1,105,695 in Fund 407, Sewer Bond Subordinate Debt Service Fund primarily due to lower than anticipated bond debt payments resulting from a delay in the first quarterly repayment of a \$40 million loan to the Virginia Resources Authority (VRA) for the County's share of the Alexandria Sanitation Authority (ASA) treatment plant upgrade and a decrease of \$4,328,916 in Fund 408, Sewer Bond Construction due to higher than anticipated interest earnings.

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$153,315,880	\$163,204,341	\$161,851,820	\$135,650,489	\$175,621,052
Revenue:					
Lateral Spur Fees	\$28,200	\$20,000	\$20,000	\$20,000	\$20,000
Sales of Service	6,359,586	7,585,000	7,585,000	7,620,000	7,620,000
Availability Charges	29,237,019	27,518,000	27,518,000	28,334,000	28,334,000
Connection Charges	94,620	60,000	60,000	60,000	60,000
Sewer Service Charges	70,174,828	70,367,000	70,367,000	72,336,000	72,336,000
Delinquent Charges	16,699	30,000	30,000	30,000	30,000
Miscellaneous Revenue ¹	145,034	0	0	70,000	70,000
Sale Surplus Property ¹	0	0	0	30,000	30,000
State Revolving Loan	40,000,000	0	50,000,000	0	0
Sludge Incinerator Charges ¹	0	0	0	0	0
Interest on Investments	10,260,493	11,642,000	11,642,000	9,612,000	9,612,000
Total Revenue	\$156,316,479	\$117,222,000	\$167,222,000	\$118,112,000	\$118,112,000
Total Available	\$309,632,359	\$280,426,341	\$329,073,820	\$253,762,489	\$293,733,052
Transfers Out:					
Sewer Operation and Maintenance (401)	\$52,012,165	\$61,136,022	\$60,773,880	\$63,852,440	\$63,852,440
Sewer Construction Improvements (402)	55,117,492	53,902,809	61,762,763	45,712,000	45,712,000
Sewer Bond Parity Debt Service (403)	13,507,715	13,279,128	13,207,577	13,528,282	13,528,282
Sewer Bond Subordinate Debt Service (407)	15,760,415	18,314,214	17,208,519	18,236,861	18,236,861
Sewer Bond Construction (408)	11,382,752	4,828,945	500,029	0	0
Total Transfers Out	\$147,780,539	\$151,461,118	\$153,452,768	\$141,329,583	\$141,329,583
Total Disbursements	\$147,780,539	\$151,461,118	\$153,452,768	\$141,329,583	\$141,329,583
Ending Balance	\$161,851,820	\$128,965,223	\$175,621,052	\$112,432,906	\$152,403,469
Management Reserves:					
Operating and Maintenance Reserve ²	\$15,161,149	\$16,254,000	\$16,613,966	\$15,963,110	\$15,963,110
Nitrification Reserve ³	2,500,000	1,667,000	1,667,000	1,250,000	1,250,000
Future Debt Reserve ⁴	7,435,000	4,835,000	4,835,000	4,056,000	4,056,000
Total Reserves	\$25,096,149	\$22,756,000	\$23,115,966	\$21,269,110	\$21,269,110
Unreserved Balance	\$136,755,671	\$106,209,223	\$152,505,086	\$91,163,796	\$131,134,359

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¹ In an effort to keep all operating revenues for the Wastewater Management Program in one fund, the categories for Miscellaneous Revenue, Sale of Surplus, and Sludge Incinerator Charges are transferred from Fund 401, Sewer Operation and Maintenance, to this fund in FY 2003. However, no revenue is anticipated in FY 2003 for Sludge Incinerator Charges due to the closing of the D.C. correctional facility located in Lorton, Virginia in FY 2002.

² The Operating and Maintenance Reserve was established to provide funding to offset expenses associated with sewer systems emergencies occurring within Fund 401, Sewer Operation and Maintenance.

³ The Nitrification Reserve was established to offset expenses occurring in Fund 402, Sewer Construction Improvements, associated with the nitrogen discharge upgrades at the Arlington Wastewater Treatment Plant.

⁴ The Future Debt Reserve was established in anticipation of debt service reserve requirements for future treatment plant issues.